

B60

New Number

- A  
- B  
- C

ELIAS C. ALVORD (1942)  
ELLSWORTH C. ALVORD (1964)

ROBERT W. ALVORD\*  
CHARLES T. KAPPLER  
JOHN H. DOYLE\*  
JAMES C. MARTIN JR.

\*ALSO ADMITTED IN NEW YORK  
\*ALSO ADMITTED IN MARYLAND

RECORDATION NO. 16971 FILED 1425

AUG 17 1990 - 10 10 AM

INTERSTATE COMMERCE COMMISSION

LAW OFFICES

ALVORD AND ALVORD

200 WORLD CENTER BUILDING

918 SIXTEENTH STREET, N.W.

WASHINGTON, D.C.

20006-2979

(202) 393-2266

RECORDATION NO. 16971 FILED 1425

OF COUNSEL  
URBAN A. LESTER

AUG 17 1990 - 10 10 AM

TELEX  
440367 A AND A

INTERSTATE COMMERCE COMMISSION

TELEFAX  
(202) 393-2156

0-229A001

August 17, 1990

RECORDATION NO. 16971 FILED 1425

RECORDATION NO. 16971 FILED 1425

AUG 17 1990 - 10 10 AM

INTERSTATE COMMERCE COMMISSION

Mr. Sidney L. Strickland, Jr.  
Secretary

Interstate Commerce Commission  
Washington, D.C. 20423

AUG 17 1990 - 10 10 AM

INTERSTATE COMMERCE COMMISSION

Dear Mr. Strickland:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11303(a) are two (2) original copies each of 1) a Memorandum of Lease of Railroad Equipment dated as of March 19, 1990 ("Lease"), 2) Amendment 1 to Lease of Railroad Equipment dated March 19, 1990 ("Amendment"), 3) Memorandum of Security Agreement dated as of August 17, 1990 ("Security Agreement") and 4) Assignment of Lease dated as of August 17, 1990 ("Assignment"). The Lease and the Security Agreement are primary documents; and the Amendment and Assignment are secondary documents.

The names and addresses of the parties to the Lease and Amendment are:

Lessor: Helm-Pacific Leasing  
One Embarcadero Center  
San Francisco, California 94111

Lessee: Union Pacific Railroad Company  
1416 Dodge Street  
Omaha, Nebraska 68179

The names and addresses of the parties to the Security Agreement and the Assignment are:

Debtor/Assignor: Helm-Pacific Leasing  
One Embarcadero Center  
San Francisco, California 94111

*Charles T. Kappler*

Mr. Sidney L. Strickland, Jr.  
August 17, 1990  
Page Two

Secured Party/  
Assignee:

The Philadelphia National Bank  
Broad and Chestnut Streets  
Philadelphia, Pennsylvania 19107

A description of the railroad equipment covered by the enclosed documents is:

One hundred fifty (150) 100-ton Jumbo Trough  
Hatch Grain Hopper Railcars bearing TNM  
reporting marks and road numbers 1061 through  
1210, both inclusive.

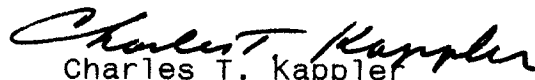
Also enclosed is a check in the amount of \$60 payable to the order of the Interstate Commerce Commission covering the required recordation fees.

Kindly return stamped copies of the enclosed documents to the undersigned.

A short summary of the enclosed primary and secondary documents to appear in the Commission's Index is:

Memorandum of Lease, as amended by Amendment 1 to Lease of Railroad Equipment, each dated as of March 19, 1990, between Helm-Pacific Leasing, Lessor, and Union Pacific Railroad Company, Lessee; Memorandum of Security Agreement and Assignment of Lease, each dated as of August 17, 1990, between Helm-Pacific Leasing, Debtor/Assignor and The Philadelphia National Bank, Secured Party/Assignee, covering 150 Grain Hopper Railcars, TNM 1061 -TNM 1210, both inclusive.

Very truly yours,

  
Charles T. Kappler

CTK/bg  
Enclosures

MEMORANDUM OF  
SECURITY AGREEMENT

REGISTRATION NO. **16971** *B*  
FILED 1/25  
AUG 17 1990 - 10 10 AM  
INTERSTATE COMMERCE COMMISSION

THIS MEMORANDUM OF SECURITY AGREEMENT is intended to evidence the Security Agreement, dated as of AUGUST 17, 1990 (the "Security Agreement") between Helm-Pacific Leasing, a Nebraska joint venture (the "Debtor") and The Philadelphia National Bank, a national banking association (the "Secured Party"), for the purposes of satisfying the requirements of recordation with the Interstate Commerce Commission under Section 49 U.S.C. 11303. The Debtor is the owner of one hundred-fifty (150) covered hoppers, more fully described in Annex A hereto (the "Units"). The Secured Party has a security interest in all the Units and in a Lease of Railroad Equipment between Debtor and Union Pacific Railroad Company, a Utah corporation (the "Lessee"), dated as of March 9, 1990, a lease known as Lessee's C.D. No. 54792-43 upon the terms and conditions provided in the Security Agreement attached hereto as Annex B.

IN WITNESS WHEREOF, the Debtor and the Secured Party, each pursuant to due authority, have executed this Memorandum of Security agreement as of this 17th day of August, 1990.

[Corporate Seal]

*J*  
"Debtor"

HELM-PACIFIC LEASING

By: Helm Pacific Corporation  
its Joint Venturer

Attest:

By: *John Adams*  
Title: *VP-Finance*

By: *[Signature]*  
Title: PRESIDENT

[Corporate Seal]

*Pending*  
*CWS*  
Attest:

By: *C. W. Saylor*  
Title: SECRETARY

By: *Charles R. Enis*  
Title: PRESIDENT

[Corporate Seal]

"Secured Party"

THE PHILADELPHIA NATIONAL BANK

Attest:

By: *[Signature]*

Title: AS

By: *[Signature]*

Title: Vice President

STATE OF CALIFORNIA )  
 ) S  
COUNTY OF SAN FRANCISCO )

I, LYNDA A. HERSKOVITZ, a Notary Public in and for the state and county aforesaid, do hereby certify that RICHARD C. KIRCHNER of HELM PACIFIC CORPORATION, a joint venture partner of Helm-Pacific Leasing, whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that he is PRESIDENT, he signed, sealed and delivered the aforesaid instrument and caused the corporate seal of said corporation to be affixed thereto, pursuant to authority of its Board of Directors, as his free and voluntary act and as the free and voluntary act and deed of said corporation for the uses and purposes therein set forth on behalf of Helm-Pacific Leasing.

Given under my hand notarial seal this 14<sup>th</sup> day of AUGUST, 1990.



[Notarial Seal]

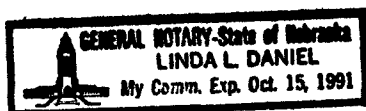
Lynda A. Herskovitz  
Notary Public

My commission expires  
July 16, 1993

STATE OF Nebraska )  
 ) S  
COUNTY OF Douglas )

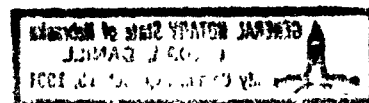
I, Linda L. Daniel, a Notary Public in and for the state and county aforesaid, do hereby certify that Charles R. Eisele of UNION PACIFIC VENTURE LEASING CORPORATION, a joint venture partner of Helm-Pacific Leasing, whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that he is President, he signed, sealed and delivered the aforesaid instrument and caused the corporate seal of said corporation to be affixed thereto, pursuant to authority of its Board of Directors, as his free and voluntary act and as the free and voluntary act and deed of said corporation for the uses and purposes therein set forth on behalf of Helm-Pacific Leasing.

Given under my hand notarial seal this 15<sup>th</sup> day of August, 1990.



Linda L. Daniel  
Notary Public

My commission expires 10-15-91



[Notarial Seal]

STATE OF PENNSYLVANIA     )  
  ) §  
COUNTY OF PHILADELPHIA    )

I, Elizabeth Bodkin, a Notary Public in and for the  
state and county aforesaid, do hereby certify that Gregory D. Minette  
Vice President of PHILADELPHIA NATIONAL BANK, a national banking  
association, whose name is subscribed to the foregoing  
instrument, appeared before me this day in person and  
acknowledged that he is Vice President, he signed,  
sealed and delivered the aforesaid instrument and caused the  
corporate seal of said corporation to be affixed thereto,  
pursuant to authority of its Board of Directors, as his free and  
voluntary act and as the free and voluntary act and deed of said  
corporation for the uses and purposes therein set forth.

Given under my hand notarial seal this 16<sup>th</sup> day of  
August, 1990.

Elizabeth Bodkin  
Notary Public

My commission expires

[Notarial Seal]

|   |
|---|
| NOTARIAL SEAL<br>ELIZABETH BODKIN, Notary Public<br>City of Philadelphia, Phila. County<br>My Commission Expires April 18, 1994 |
|---|

ANNEX A  
to  
Memorandum of  
Security Agreement

Dated as of \_\_\_\_\_, 1990

Equipment Description

One hundred fifty (150)  
Covered Hoppers

Lessee's Number

TNM 1061-1210



SECURITY AGREEMENT

THIS SECURITY AGREEMENT, dated as of August 17<sup>th</sup>, 1990 between HELM-PACIFIC LEASING, a Nebraska joint venture, (the "Debtor"), with an address at One Embarcadero Center, San Francisco, CA 94111 and THE PHILADELPHIA NATIONAL BANK, a national banking association (the "Secured Party").

I. To secure the due and punctual payment of the principal and interest payable under the Debtor's Promissory Note, dated as of August 17<sup>th</sup>, 1990, as amended, (the "Note"), payable to the order of Secured Party, in the principal amount of \$ \_\_\_\_\_ and any and all other promissory notes hereafter at any time issued in replacement or extension thereof by Debtor, and to secure Debtor's obligations hereunder, Debtor hereby transfers, mortgages and pledges to the Secured Party and grants to the Secured Party a security interest in the following described collateral and in all proceeds thereof (the "Collateral"):

- A. All of the Debtor's right, title and interest in that certain Lease of Railroad Equipment dated as of March 19<sup>th</sup>, 1990, as amended, (the "Lease"), in which Union Pacific Railroad Company, a Utah corporation, is lessee (the "Lessee") and the Debtor is lessor, and all rentals and other moneys payable thereunder insofar as they relate to the Equipment (as defined below), including proceeds from Casualty Occurrences as defined in Section 8(b) of the Lease, all the Debtor's rights, power and remedies therein and thereunder (but none of its duties or obligations) including, without limitation, all the Debtor's rights to give and receive any notice, consent, waiver, demand or approval under or in respect of such Lease, to exercise any election or option thereunder or in respect thereof, to accept any surrender of the Equipment subject to the Lease, to execute and deliver any bill of sale for any such property, and to do all other things which the Debtor is entitled to do under such Lease, and all renewals, substitutions and extensions of the Lease until the Note and all obligations hereunder are paid in full; and
- B. The equipment as defined in and as listed on Annex A of the Lease and Schedule 1 hereto (the "Equipment"), which Equipment is leased to the Lessee pursuant to the Lease, and all the Debtor's right, title and interest in the Equipment;

II. In furtherance of the foregoing, Debtor has executed an Assignment of Lease (the "Assignment") dated the day hereof. Confirmatory of its grant of the Lease, Debtor hereby irrevocably assigns to the Secured Party, subject to the provisions of this Agreement, as security for the payment of all amounts payable under or in respect of the Note and this Agreement, and as

security for compliance with the provisions hereof and thereof, all moneys payable under the Lease, including without limitation, all rental payments (commencing with the rental payment due September 1, 1990), damages and casualty value payments made pursuant to Section 8(b) of the Lease. After the date hereof Secured Party shall be entitled to exercise all the rights and remedies of the lessor under the Lease (to the exclusion of Debtor), including the right to receive all proceeds of the Lease directly from Lessee, but Secured Party shall have none of the obligations of the lessor under the Lease.

III. The Debtor hereby irrevocably constitutes and appoints Secured Party as the Debtor's attorney-in-fact, with full power of substitution and revocation, in the name of the Debtor or otherwise, to demand, enforce, collect, receive and receipt and give releases for any payment or indemnity becoming due or arising under the Lease or any policy of insurance relating to the Equipment or any Collateral (including any return of insurance premiums), to endorse and collect any checks, drafts or other instruments payable to the Debtor therefor, and to do and take all such other actions as are referred to above relating to the Lease, the Equipment or other Collateral and, with the written consent of Debtor, unless and until a default shall have occurred in the Note or hereunder, to file any claims or institute any proceedings for the foregoing which Secured Party deems necessary, and to compromise any such demand, claim or action; provided however, that Secured Party hereby agrees with Debtor that Secured Party shall not as long as no Event of Default (as hereinafter defined) or other event which with the giving of notice or the lapse of time or both could become an Event of Default under the Lease or this Agreement shall have occurred and be continuing without the written consent of the Debtor, seek to enforce any of the rights, powers or remedies of Secured Party under the Lease, except that nothing herein shall prevent Secured Party from seeking to enforce any payment or indemnity at or after the time it is due under the Lease or any policy of insurance relating to the Equipment or the Collateral before the failure to make said payment becomes an Event of Default hereunder or under the Lease. Debtor hereby ratifies all that said attorneys shall do or cause to be done by virtue hereof. This power of attorney is a power coupled with an interest, shall be irrevocable and shall terminate only upon payment in full of the obligations secured hereby and termination of the Note, the Assignment and the Security Agreement. The powers conferred on Secured Party hereunder are solely to protect the Secured Party's interest in the Collateral and shall not impose any duty upon it to exercise any such powers. Secured Party shall be accountable only for amounts that it actually receives as a result of the exercise of such powers, and neither it nor any of its officers, directors, employees or agents shall be responsible to the Debtor for any action taken or omitted to be taken in good faith pursuant to the powers, except for its gross negligence.

IV. REPRESENTATIONS, WARRANTIES AND AGREEMENTS - Debtor represents, warrants and agrees that:

1. the original principal amount of the Note is \$ \_\_\_\_\_. The Lease provides for the payment, on or before the Installment Payment dates of the Note, of rentals in amounts at least equal to the amounts of such installments of principal and interest under the Note;
2. the Debtor has marketable title to the Equipment listed on Schedule 1 hereto, free and clear of all liens, claims and encumbrances, subject only to the interests therein of the Lessee under the Lease, persons claiming under or through the Lessee which Lessee is obligated to discharge under the Lease, and the Secured Party hereunder;
3. the Debtor and all its partners have filed all tax returns, federal, state, municipal or otherwise, required of the Debtor and is not in default in respect of the due and punctual payment of any taxes payable by Debtor; and no liens for nonpayment of taxes by Debtor exist upon any property, including the Equipment, or other assets of Debtor other than property taxes, assessments or similar charges incurred in the ordinary course of business that are not yet due and payable;
4. the Debtors and all its partners have all requisite power and authority to enter into and perform the Lease, this Agreement, the Assignment, the Note; such documents have been duly executed and delivered by Debtor, and constitute the legal, valid and binding obligations of the Debtor, enforceable against the Debtor in accordance with their terms (except insofar as enforcement thereof may be limited by any applicable bankruptcy, reorganization, insolvency, moratorium, or other similar laws or judicial decisions affecting the rights of creditors generally or by the application of usual equitable principles when equitable remedies are sought); the Debtor's right to receive any payments under the Lease and the Debtor's right, title and interest in and to the Equipment, the Lease and the other Collateral are, and will continue to be, free and clear of any and all liens, agreements or encumbrances except this Agreement and the rights of the Lessee under the Lease and of persons claiming under or through the Lessee which Lessee is obligated to discharge under the Lease provided however, that a property tax lien may remain on the Collateral so long as the Debtor or the Lessee discharges the lien on or

before the date a penalty attaches for nonpayment of the tax, provided further that the following liens, mortgages, pledges, charges, security interests and other encumbrances may remain on the Collateral:

- a) liens of mechanics, materialmen, warehousemen, carriers, or other like liens, securing obligations incurred in the ordinary course of business that are not yet due and payable;
  - b) liens existing as of the date hereof or which the Secured Party has knowledge and has consented to in writing;
  - c) the following if the validity or amount thereof is being contested in good faith by appropriate and lawful proceedings, so long as levy and execution thereon have been stayed and continue to be stayed and they do not in the aggregate materially detract from the value of the Collateral, or materially impair the use thereof in the operation of Debtor's or Lessee's business or violate the Lessor's obligation to Lessee under the Lease, and provided that Lessor shall maintain such reserve or other appropriate provision therefor as is required by generally accepted accounting principles:
    - 1) claims or liens for taxes, assessments or charges due and payable and subject to interest or penalty;
    - 2) claims, liens or encumbrances upon the Collateral including any attachment of the Collateral or other legal process prior to adjudication of a dispute on the merits;
    - 3) claims or liens of merchants, materialmen, warehousemen, carriers, or other like liens; and
    - 4) adverse judgments on appeal;
5. the Debtor has received no advance rental or other payments under the Lease and the Debtor will not accept any payments under the Lease after the date hereof for the Debtor's own account except as permitted in this Agreement; the Debtor has performed all obligations on the Debtor's part to be performed under the Lease on or prior to the

date hereof and will perform any such obligations during the term of the Lease; and to the knowledge of the Debtor, there has not occurred on the date hereof any Event of Default under the Lease or this Agreement;

6. the making and performance by the Debtor of this Agreement, the Assignment, the Note, the Lease, and the borrowing and execution and delivery of the Note will not violate any provision of law, or constitute a default under or result in the creation of any lien, charge or encumbrance upon any property or assets of the Debtor or any of its partners pursuant to any agreement, indenture or other instrument to which the Debtor or any of its partners is a party or by which the Debtor or any of its partners may be bound;
7. there are no actions, suits or proceedings pending or, to the knowledge of the Debtor, threatened against or affecting the Debtor in any court or by or before any government department, agency or instrumentality in which any adverse decision might materially affect the ability of the Debtor to perform the Debtor's obligations under the Note, this Agreement, the Assignment, and the Lease;
8. except as permitted in this Agreement, without Secured Party's prior written consent so long as the Note remains unpaid, Debtor will not (i) grant any consent under the Lease (ii) give any notice thereunder or otherwise exercise any rights, powers or remedies of the Lessor thereunder, or (iii) agree to any release of any obligation of the Lessee thereunder or to any modification or any termination thereof;
9. the Debtor will defend the Collateral and the interest of Secured Party therein against the claims and demands of all persons;
10. the Debtor is duly qualified to do business in each jurisdiction where failure to so qualify would adversely affect Debtor's rights in the Equipment or the enforceability of the Lease;
11. Debtor has obtained and will maintain all consents, approvals, authorizations of or by any court, administrative or other governmental authority required in connection with the execution, delivery and performance by Debtor of the Lease and by Debtor as owner and lessor of the Equipment;

12. all units of Equipment have been delivered and accepted by the Lessee at the time of execution hereof;
13. the Lease which has been delivered to Secured Party constitutes the entire agreement between Debtor and Lessee with respect to the lease of the Equipment;
14. Debtor will execute and deliver any and all papers or documents which Secured Party may reasonably request from time to time in order to carry out the purpose hereof, or to facilitate the collection of monies due or to become due from the Lessee;
15. Debtor will duly fulfill or cause to be fulfilled all of the obligations if any to be performed and assumed by it under the Lease including, but not limited to, its warranty of quiet enjoyment, and shall remain liable thereunder;
16. Debtor will keep or cause the Lessee to keep the Equipment in good repair and operating condition without any cost or liability to Secured Party;
17. Debtor will cause all accessions which are or become attached to or part of the Equipment to become subject to the terms of the Note and Security Agreement, to the extent permitted in the Lease;
18. Debtor will notify Secured Party upon its knowledge of any Lessee defaults in the payment or performance of any of its obligations under the Lease;
19. Debtor will not sell, assign, transfer, mortgage or in any way encumber the Collateral without Secured Party's prior written consent, nor secrete or abandon the Equipment;
20. Debtor will allow Secured Party and its representatives free access and right of inspection of the Equipment at all reasonable times, provided however, that Secured Party shall not interfere with Lessee's quiet enjoyment of the Equipment, and in an Event of Loss agrees to send written notice thereof to the Secured Party within fifteen (15) days of receipt of such notice from the Lessee. The Debtor will execute and deliver to Secured Party such documents identifying the Equipment as Secured Party may from time to time reasonably request;

21. Debtor will not remove its records concerning the Lease except to a jurisdiction where the Uniform Commercial Code shall be in effect, and upon 30 days' prior written notice to the Secured Party, and will permit Secured Party and its representatives to examine Debtor's books and records with respect to the Collateral and make extracts therefrom and copies thereof at any reasonable time from time to time;
22. Debtor will keep or cause the Lessee to keep the Equipment insured against public liability and loss by fire, theft and casualty, by self-insurance or by insurers and in form, amount and coverage customary for such Equipment in businesses similar to Lessee's business;
23. Debtor will indemnify and save harmless Secured Party against any charges or claims made against Secured Party and against any expenses, loss or liability, which the Lessee would be obligated to indemnify or save Secured Party harmless from pursuant to Section 10 of the Lease but for Debtor's sole or joint negligence. The indemnity contained in this paragraph shall survive the payment or performance of all other obligations under this Agreement or the termination of this Agreement;
24. simultaneously with the disbursement of the proceeds of the Debtor's Promissory Note dated August 17<sup>th</sup> 1990, Debtor will cause this Agreement to be duly filed and recorded with the Interstate Commerce Commission in accordance with 49 U.S.C. 11303 and will file or cause to be filed with the Secretary of State of the State of California and Nebraska a UCC-1 statement. Debtor represents and warrants that no other filing or recording or deposit (or giving of notice) with any federal state or local government or agency thereof is necessary in order to protect the rights of the Secured Party under this Agreement and in the Collateral. Debtor agrees to pay the cost of filing and depositing this Security Agreement. Debtor agrees, at its own cost and expense, to make supplemental filings as may from time to time become necessary or desirable to protect the rights of the Secured Party. Debtor agrees, at its own cost and expense, to make the filings described herein for any substitutions or replacement units of Equipment. Debtor will at its own cost and expense cause legal opinions as to the first priority security interest of the Secured Party in the Collateral to be issued to

Secured Party prior to the disbursement under the Note. Debtor hereby irrevocably constitutes and appoints Secured Party the Debtor's attorney-in-fact for such purposes, with full power of substitution. The Debtor also will execute and deliver such instruments and take all such other action as Secured Party may reasonably request to effectuate the purposes of this Agreement and to secure the rights and remedies conferred upon the Secured Party hereunder.

25. Debtor will cause to be enforced all provisions of Section 6 of the Lease "Identification Marks."

B. DEFAULT - Each of the following will constitute an event of default hereunder ("Event of Default"):

1. the failure by Debtor to pay any amount of principal of or interest on any Note hereunder when due, whether at the maturity thereof or by reason of any requirement for the prepayment thereof, by acceleration or otherwise, and such failure shall continue for twenty (20) days after written notice to Debtor;
2. the failure by Debtor to pay any other amount when due hereunder or perform any other obligation required by this Agreement, the Assignment or any Note hereunder, and such failure shall continue for twenty (20) days after the Debtor shall have written notice thereof;
3. the occurrence and continuance of an Event of Default under the Lease as it applies to the Equipment (as defined therein);
4. any proceeding shall be commenced by or against the Debtor for any relief which includes any modification of the obligations of the Debtor hereunder or under any Note hereunder, under any bankruptcy or insolvency laws, or laws relating to the relief of debtors, readjustments or indebtedness, reorganizations, arrangements, compositions or extensions (other than a law which does not permit any readjustments of such obligations), and (unless such proceeding shall have been dismissed, nullified, stayed or otherwise rendered ineffective, but then only so long as such stay shall continue in force or such ineffectiveness shall continue) all the obligations of the Debtor under this Security Agreement, the Assignment and any Note hereunder shall not have been and shall not continue to have been duly assumed in writing, pursuant to a court



order or decree, by a trustee or trustees or receiver or receivers appointed (whether or not subject to ratification) for the Debtor or for the property of the Debtor in connection with any such proceeding in such manner that such obligations shall have the same status as expenses of administration and obligations incurred by such trustee or trustees or receiver or receivers, within ninety (90) days after such proceeding shall have been commenced;

5. the occurrence of a breach of any of the Representations, Warranties and Agreements under Paragraph A hereof and such breach is not cured within twenty (20) days after Debtor shall have written notice thereof; or
6. any report, certificate, financial statement or other instrument furnished by Debtor in connection with any Note hereunder, the Assignment and this Agreement shall prove to be materially false or misleading prior to giving such information.

C. REMEDIES - At any time after the occurrence of an Event of Default Secured Party may declare, by written notice to the Debtor, the entire unpaid balance of the principal of the defaulting Debtor's Note and the prepayment fee (as defined in the Note), if any, to be immediately due and payable, and, in addition, Secured Party shall have and may exercise all the rights and remedies of a secured party under the Uniform Commercial Code or other applicable law, including the right to take possession of any Equipment or other Collateral not then in Secured Party's possession and to dispose of it, or the Debtor's interest therein (to the extent permitted by and in accordance with the terms and conditions of the Lease), at public or private sale, at which Secured Party, subject to the provisions of applicable law, may be the purchaser.

Any notice of any such sale required by law shall be deemed reasonably and sufficiently given to the Debtor if given at least fifteen (15) days prior to the date thereof at the address and in the manner herein provided for notices. The proceeds realized by the Secured Party upon the exercise of any of its remedies shall be applied to the obligations secured by this agreement in accordance with the provisions of Paragraph C and Debtor will be entitled to any surpluses thereafter. No delay or omission on Secured Party's part to exercise any right hereunder will impair any such right or be construed as a waiver of any default or any acquiescence therein.

No waiver of any default hereunder will affect any later default or impair any of Secured Party's rights hereunder. No single, partial or full exercise of any rights by Secured Party will preclude further or other exercise thereof. The remedies provided for herein shall not be deemed exclusive, but are cumulative and in addition to all other remedies available under applicable law.

It is understood and agreed that except for any breach by Debtor of its representations, warranties and covenants hereunder, Debtor shall not be personally liable for the payment of the Note or the indebtedness evidenced thereby and that any judgement entered against the Debtor in any action for the recovery of the amounts due and payable thereunder shall be applied only against the Collateral. Nothing contained herein, however, shall (i) preclude Secured Party from exercising any right or enforcing any remedy, whether upon default or otherwise, under this Agreement, the Lease, or any other Collateral, or (ii) prejudice the right of Secured Party hereof against Debtor or any subsequent owner as such of any Collateral.

- D. PREPAYMENT OF NOTE UPON A CASUALTY OCCURRENCE - If any amount shall become due and payable to the Debtor or the Secured Party as assignee pursuant to the Lease because of a Casualty Occurrence (as defined in the Lease) with respect to any units of Equipment ("Casualty Value"), then, thereupon, an amount, computed as hereinafter set forth, will be due and payable on account of the principal of and interest accrued on the Note being amortized by the rentals for the Equipment suffering the Casualty Occurrence on the date the Casualty Value is due and payable under the Lease. The Secured Party will accept all sums paid to it pursuant to the Lease with respect to Casualty Occurrences and, unless an Event of Default or event which with the lapse of time or the giving of notice or both would become an Event of Default under this Agreement or under the Lease shall have occurred (in which event all such amounts shall be held by Secured Party to satisfy the obligations of the Debtor as provided in Paragraph C), shall apply those portions of such sums hereinafter stated for the account of the Debtor and, immediately following application of rentals to the payment of principal and interest accrued on such date, to the prepayment of principal of the Note amortized by the rentals for the Equipment suffering the Casualty Occurrence. The portion of such sums to be so applied to prepayment of the principal of the Note in respect of any Casualty Occurrence shall be an amount which will reduce the principal of the Note so that said principal, after prepayment, bearing interest at the rate set forth in the Note will be amortized by the remaining rental payments due under the Lease, after any reduction due to the Casualty Occurrence, which have

been assigned to Secured Party by Debtor as security for the Note. The remainder of such sums shall be paid to Debtor. In the event of any partial prepayment of the principal of the Note pursuant to the preceding sentences of this Paragraph D, the amount of each such installment payment thereafter coming due will be reduced by an amount which bears the same proportion to the amount of such installment which would have been due in the absence of such prepayment as the amount of such principal prepayment bears to the unpaid principal balance outstanding immediately prior to such prepayment.

- E. COLLECTION EXPENSES - In addition to all other amounts payable hereunder and under the Note, the Debtor will pay all Secured Party's reasonable expenses, including attorneys' fees, incurred from time to time in enforcing its rights and remedies hereunder, under the Note, or under the Lease and in repossessing, storing and disposing of the Equipment including the cost of discharging all liens, taxes and assessments on the Collateral. If Secured Party brings suit (or files any claim or petition in any bankruptcy, reorganization, insolvency or other proceeding) to enforce any of its rights (or other recovery or relief), Secured Party may recover in such action (or other proceeding), in addition to all other amounts payable hereunder and thereunder, its reasonable expenses, including attorneys' fees, in connection therewith, and the same shall be included in such judgment (or other form of award).
- F. COLLECTION OF RENTALS - Secured Party will, on behalf of Debtor, collect and receive from the Lessee all rentals and other money payable pursuant to the Lease, and the Secured Party, except as otherwise provided in this Agreement, may take all such action as may be necessary or desirable to demand and enforce compliance by Lessee with all terms and provisions of the Lease. To the extent indefeasibly received, the Secured Party will apply such payments first, in the manner specified in Paragraph G hereof, and second, so long as no Event of Default or event which with the lapse of time or the giving of notice or both provided for in the Lease or hereunder could constitute an Event of Default thereunder or hereunder shall have occurred any balance shall be paid to the Debtor. All payments received by Secured Party at such time as an Event of Default shall have occurred which otherwise, in whole or in part, would be remitted to Debtor as aforesaid shall be retained by Secured Party and applied to satisfy Debtor's obligations under the Note and this Agreement. All payments received by Secured Party at such time as there shall have occurred an event which with the lapse of time or the giving of notice or both could constitute an Event of Default in the Lease or hereunder, which otherwise, in whole or in part, would be remitted to Debtor as aforesaid shall be retained by Secured Party until such event shall either become an Event of

Default (in which case such monies shall be applied to satisfy Debtor's obligations under the Note and this Agreement as aforesaid), or be cured or otherwise not be capable of maturing into an Event of Default (in which case such monies shall be remitted to Debtor as aforesaid). The Debtor agrees that any payments received by the Debtor from the Lessee which are payable to the Secured Party pursuant to this Agreement shall be held in trust for the Secured Party and shall be immediately paid to the Secured Party.

- G. APPLICATION OF PAYMENTS - All payments indefeasibly received by the Secured Party which are to be applied in satisfaction of the Debtor's obligations under any Note hereunder and this Agreement shall be applied, first, to the payment of costs and expenses due to the Secured Party pursuant to Paragraph E, if any, second to the payment of accrued interest on such Note, and, third, to the payment of principal and all other amounts payable thereunder and hereunder with respect to such Note. Payments indefeasibly received by Secured Party in excess of the amounts necessary to satisfy Debtor's obligations as aforesaid shall be remitted to Debtor and/or, upon receipt of written proof thereof, any other party legally entitled thereto.
- H. NOTICES - All notices, declarations, requests, consents and other communications given hereunder or in connection herewith or with the Note shall be in writing and shall be deemed to have been given when delivered or deposited in the United States mail, registered or certified, postage prepaid, or by overnight courier addressed to Debtor at its address stated above, and to the Secured Party at its address stated below, or to such other address as any such party may hereafter specify by written notice to the other.
- I. APPLICABLE LAW - This Agreement, the Assignment, and the Note shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the laws of the Commonwealth of Pennsylvania; provided however that the parties shall be entitled to all rights conferred by 49 U.S.C. Section 11303 and such additional rights arising out of the filing or depositing hereof.
- J. SEVERABILITY - Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall be, as to such jurisdiction, ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.
- K. SUCCESSORS AND ASSIGNS - This Agreement will bind and inure to the benefit of the respective successors and assignees of the parties hereto, including any holder, as such, of the

Note, by acceptance of an assignment hereof or of the Note. Each of the Secured Party's successors or assigns (including any holder, as such, of the Note) will be deemed to have agreed to be bound by the provisions hereof, and of the Note and Secured Party's undertakings hereunder and thereunder.

- L. TRANSFER OF DEBTOR'S AND SECURED PARTY'S INTEREST - The Debtor shall not assign, convey or otherwise transfer any of its right, title or interest in, to or under any of the Collateral without the prior written consent of the Secured Party in its discretion and subject to such terms and conditions as the Secured Party may then specify. This Agreement and the Note related hereto may be sold, transferred and assigned by Secured Party without notice to or consent of Debtor; provided however that Debtor will have no obligation to such successor in interest except upon written notice of such sale, transfer and assignment by Secured Party. All rights and benefits of the Secured Party shall inure to the benefit of Secured Party's transferee and Debtor agrees to provide any reasonable documentation requested by Secured Party in connection with any such transfer.
- M. TERMINATION OF SECURITY INTEREST, ETC. - Upon payment in full of the principal of and interest on the Note and all other sums payable to the Secured Party under the Note, the Assignment and this Agreement, the Secured Party shall execute and deliver to the Debtor, at the expense of the Debtor, such documents as the Debtor shall reasonably request to evidence the termination of this Agreement and all interests of the Secured Party in the Collateral.

IN WITNESS WHEREOF, this Security Agreement has been duly executed and delivered as of the date first above written.

[Corporate Seal]

Attest:

HELM-PACIFIC LEASING

By: Helm Pacific Corporation  
its Joint Venturer

By: \_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

[Corporate Seal]

Attest:

By: Union Pacific Venture  
Leasing Corporation  
its Joint Venturer

By: \_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

THE PHILADELPHIA NATIONAL BANK

By: \_\_\_\_\_

Title: \_\_\_\_\_

Address for notices:

The Philadelphia National Bank  
Leasing Department  
P.O. Box 8377  
Broad and Chestnut Streets  
Philadelphia, PA 19101-8377

**SCHEDULE 1**

to

a Security Agreement dated as of August 17, 1990  
between Helm-Pacific Leasing, as Debtor and The  
Philadelphia National Bank, as Secured Party.

| <u>Equipment Description</u> | <u>Number of Units</u> | <u>Equipment Numbers</u> |
|------------------------------|------------------------|--------------------------|
| Covered hoppers              | 150                    | TNM 1061-1210            |

STATE OF CALIFORNIA       )  
                                      ) §  
COUNTY OF SAN FRANCISCO )

On this \_\_\_\_ day of \_\_\_\_\_, 1990, before me personally appeared \_\_\_\_\_, to me personally known, who, being by me duly sworn, says that he is \_\_\_\_\_ of HELM PACIFIC CORPORATION, that said instrument was signed and sealed on behalf of said corporation and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation on behalf of Helm-Pacific Leasing.

\_\_\_\_\_  
Notary Public

My Commission Expires: \_\_\_\_\_

[Notarial Seal]

STATE OF \_\_\_\_\_ )  
                                      ) §  
COUNTY OF \_\_\_\_\_ )

On this \_\_\_\_ day of \_\_\_\_\_, 1990, before me personally appeared \_\_\_\_\_, to me personally known, who, being by me duly sworn, says that he is \_\_\_\_\_ of UNION PACIFIC VENTURE LEASING CORPORATION, that said instrument was signed and sealed on behalf of said corporation and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation on behalf of Helm-Pacific Leasing.

\_\_\_\_\_  
Notary Public

My Commission Expires: \_\_\_\_\_

[Notarial Seal]



STATE,OF PENNSYLVANIA )  
 ) S  
COUNTY OF PHILADELPHIA)

On this \_\_\_\_ day of \_\_\_\_\_, 1990, before me personally appeared \_\_\_\_\_, to me personally known, who, being by me duly sworn, says that he is \_\_\_\_\_ of THE PHILADELPHIA NATIONAL BANK, that said instrument was signed and sealed on behalf of said corporation by authority of its President and Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

\_\_\_\_\_  
Notary Public

My Commission Expires: \_\_\_\_\_

[Notarial Seal]